

BANK INDONESIA REGULATION  
NUMBER 23/18/PBI/2021  
ON  
MONETARY CONTROL

BY THE BLESSINGS OF THE ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

Considering : a. that to achieve and maintain rupiah stability, Bank Indonesia needs to establish and implement monetary policy applied through determination of monetary targets by observing inflation rate and monetary control targets;

b. that to implement the monetary control as referred to in point a, it is necessary to regulate monetary control, primarily a comprehensive regulation including all monetary control aspects in the money market;

c. that based on the foregoing considerations as referred to in point a and point b, it is necessary to establish Bank Indonesia Regulation on Monetary Control;

Observing : Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and last by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the

Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

HAS DECIDED:

To establish : BANK INDONESIA REGULATION ON MONETARY CONTROL.

## CHAPTER I GENERAL PROVISIONS

### Article 1

In this Regulation:

1. Monetary Control means Bank Indonesia's measure to perform its duty in establishing and implementing monetary policy.
2. Money Market means part of financial system related to issuance and trade of financial instruments termed not more than 1 (one) year, lending-borrowing or funding, currency exchange, derivative transactions of exchange rate and interest rate, and other transactions, in rupiah or foreign currency.
3. Monetary Control in Money Market means implementation of monetary policy through Bank Indonesia's interactions with market participants in Money Market.

## CHAPTER II OBJECTIVE

### Article 2

Bank Indonesia conducts Monetary Control to achieve and maintain rupiah stability.

## CHAPTER III SCOPE

### Article 3

- (1) Scope of Monetary Control includes:
  - a. Monetary Control in the Money Market;

- b. Money Market development; and
  - c. other Monetary Control required for implementation of monetary policy.
- (2) The Monetary Control in the Money Market as referred to in paragraph (1) point a includes:
- a. interest rate management;
  - b. exchange rate management; and
  - c. liquidity management.
- (3) The Money Market development as referred to in paragraph (1) point b is implemented through:
- a. regulation;
  - b. license; and
  - c. supervision and imposition of sanctions, in the Money Market.
- (4) Provisions for the Money Market development as referred to in paragraph (1) point b and other Monetary Control required for implementation of monetary policy as referred to in paragraph (1) point c are stipulated in Bank Indonesia Regulation.

#### Article 4

The Monetary Control as referred to in Article 3 may be conducted under sharia principles.

### CHAPTER IV

#### MONETARY CONTROL IN THE MONEY MARKET

##### Part One

##### General

#### Article 5

- (1) The Monetary Control in the Money Market as referred to in Article 3 paragraph (2) is conducted through:
- a. transaction execution;
  - b. regulation;
  - c. license;
  - d. monitoring;

- e. supervision; and
  - f. sanction imposition.
- (2) The Monetary Control in the Money Market as referred to in Article 3 paragraph (2) consists of:
- a. transactions in Monetary Control in the Money Market;
  - b. participation and transaction participants in Monetary Control in the Money Market;
  - c. the price determined and/or the reference price used in Monetary Control in the Money Market;
  - d. facilities used in Monetary Control in the Money Market; and/or
  - e. other aspects determined by Bank Indonesia.

#### Article 6

The Monetary Control in the Money Market as referred to in Article 3 paragraph (1) point a is conducted in an integrated manner with the Money Market development as referred to in Article 3 paragraph (1) point b.

#### Part Two

#### Transactions in Monetary Control in the Money Market

#### Article 7

- (1) Transactions in Monetary Control in the Money Market as referred to in Article 5 paragraph (2) point a consists of:
- a. monetary operation;
  - b. hedging transactions to Bank Indonesia;
  - c. bank's transactions with Bank Indonesia as a further action to the implementation of international financial cooperation agreement between Bank Indonesia and the central banks of partner countries or international institutions; and
  - d. other transactions related to Monetary Control in the Money Market determined by Bank Indonesia.

- (2) In addition to the transactions as referred to in paragraph (1), transactions of Monetary Control in the Money Market may be conducted by:
  - a. issuance of instruments in Monetary Control in the Money Market; and
  - b. sale and purchase of financial instruments with terms of more than 1 (one) year.

#### Article 8

- (1) The transactions of Monetary Control in the Money Market as referred to in Article 7 may be conducted under sharia principles.
- (2) Fulfillment of the sharia principles as referred to in paragraph (1) is stated in the form of fatwa and/or sharia compliance statement by the competent authority to issue fatwa and/or sharia compliance statement.

#### Article 9

Bank Indonesia determines the characteristics, implementation, and settlement of transactions of Monetary Control in the Money Market as referred to in Article 7.

#### Article 10

The transactions of Monetary Control in the Money Market as referred to in Article 7 are conducted in accordance with the provisions of Bank Indonesia Regulation.

### Part Three

#### Participation and Transaction Participants in Monetary Control in the Money Market

#### Article 11

Bank Indonesia determines the participation and transaction participants in Monetary Control in the Money Market as referred to in Article 5 paragraph (2) point b.

#### Article 12

Participants and transaction participants in Monetary Control in the Money Market shall comply with Bank Indonesia Regulation on monetary control in the money market.

#### Article 13

Participation and transaction participants in Monetary Control in the Money Market are conducted in accordance with the provisions of Bank Indonesia Regulation.

#### Part Four

##### Price and Price Reference in Monetary Control in the Money Market

#### Article 14

Bank Indonesia determines the price and/or price reference used in Monetary Control in the Money Market as referred to in Article 5 paragraph (2) point c.

#### Article 15

The use of price and/or price reference as referred to in Article 14 are conducted in accordance with the provisions of Bank Indonesia Regulation.

#### Part Five

##### Facilities Used in Monetary Control in the Money Market

#### Article 16

Bank Indonesia determines the facilities used in Monetary Control in the Money Market as referred to in Article 5 paragraph (2) point d which consist of:

- a. facilities used in implementation of transactions in Monetary Control in the Money Market (trading platform);
- b. facilities used in settlements of transactions in Monetary Control in the Money Market (settlement platform);

- c. facilities used in monitoring of Monetary Control in the Money Market; and
- d. other facilities.

#### Article 17

The use of the facilities in Monetary Control in the Money Market as referred to in Article 16 is conducted in accordance with the provisions of Bank Indonesia Regulation.

### CHAPTER V MONITORING IN MONETARY CONTROL IN THE MONEY MARKET

#### Article 18

In Monetary Control in the Money Market, Bank Indonesia conducts monitoring of:

- a. Money Market; and
- b. financial market development.

#### Article 19

The Money Market monitoring as referred to in Article 18 point a is conducted in accordance with the provisions of Bank Indonesia Regulation.

### CHAPTER VI SUPERVISION

#### Article 20

- (1) Bank Indonesia conducts supervision of Monetary Control in the Money Market.
- (2) The supervision as referred to in paragraph (1) is conducted through:
  - a. indirect supervision; and/or
  - b. examination.

#### Article 21

In conducting the supervision as referred to in Article 20, Bank Indonesia may request from participants and/or transaction participants in Monetary Control in the Money Market the required data, information, and details.

#### Article 22

The supervision of Monetary Control in the Money Market as referred to in Article 20 is conducted in accordance with the provisions of Bank Indonesia Regulation.

### CHAPTER VII COORDINATION

#### Article 23

Bank Indonesia may coordinate with authorities, institutions, agencies, and/or other parties in supporting Monetary Control in the Money Market.

### CHAPTER VIII ADMINISTRATIVE SANCTIONS

#### Article 24

Bank Indonesia imposes administrative sanctions to participants and transaction participants in Monetary Control in the Money Market against any breach of the obligations as referred to in Article 12.

#### Article 25

Imposition of the administrative sanctions in Monetary Control in the Money Market as referred to in Article 24 is conducted in accordance with the provisions of Bank Indonesia Regulation.



CHAPTER IX  
CLOSING PROVISIONS

Article 26

This Bank Indonesia Regulation comes into force on 31 December 2021.

In order that every person may know hereof, it is ordered to promulgated this Bank Indonesia Regulation by its placement in State Gazette of the Republic of Indonesia.

Issued in Jakarta  
on 28 December 2021

GOVERNOR OF BANK INDONESIA,

PERRY WARJIYO

Promulgated in Jakarta  
on 28 December 2021

MINISTER OF LAW AND HUMAN RIGHSTS  
REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2021 NUMBER 282

ELUCIDATION  
OF  
BANK INDONESIA REGULATION  
NUMBER 23/18/PBI/2021  
ON  
MONETARY CONTROL

I. GENERAL

Bank Indonesia has an objective to achieve and maintain rupiah stability. To achieve the objective, Bank Indonesia determines and implements monetary policy. Further, to perform the duty Bank Indonesia is authorized to set monetary targets and conduct Monetary Control by implementing, including but not limited to, open market operation in rupiah and foreign exchange money market, determinining discount rate, determinining reserve requirement, and lending-borrowing or funding regulation.

The Monetary Control is conducted among others in Money Market in an integrated manner and in line with Money Market development by Bank Indonesia.

Further, to establish a comprehensive regulation which includes all aspects of Monetary Control in Money Market supporting economic development, it is necessary to establish Bank Indonesia Regulation on Monetary Control.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Paragraph (1)

Point a

The term “Monetary Control in Money Market” among others are open market operation in rupiah and foreign exchange money market.

Point b

Money Market development includes regulation, license, and supervision as well as imposition of sanctions in Money Market related to the activities between participants in Money Market.

Point c

The term “other Monetary Control required for implementation of monetary policy” among others are determinining discount rate, determinining reserve requirement, and regulation of lending-borrowing or funding for implementation of monetary policy.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Paragraph (1)

Point a

The term “transaction execution” means transactions conducted by Bank Indonesia with participants and/or transaction participants in Money Market.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

The term “financial instruments with terms of more than 1 (one) year” among others are sovereign securities with terms of more than 1 (one) year.

Sovereign securities include:

1. sovereign debt securities as referred to in the Law on sovereign debt securities; and
2. sharia sovereign securities as referred to in the Law on sharia sovereign securities.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

The term “price” among others are exchange rate, interest rate, premium, discount, yield, haircut, including pricing method.

The term “price reference” among others are exchange rate reference and securities price reference.

Article 15

Sufficiently clear.

Article 16

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

The term “other facilities” among others are facilities used in the transactions and securities administration.

Article 17

Sufficiently clear.

Article 18

Point a

The term “Money Market monitoring” is conducted among others through monitoring system of transactions in foreign currencies and rupiah.

Point b

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.